

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 PA-01 PRS-01 JUSE-00 ERDA-05

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PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

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FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 2810

INFO AMEMBASSY MANAGUA

AMEMBASSY SAN SALVADOR

AMEMBASSY PANAMA

AMEMBASSY TEGUCIGALPA

AMEMBASSY NASSAU

C O N F I D E N T I A L SAN JOSE 0664

E.O. 11652:GDS

TAGS: PINT, CS

SUBJECT: STATESMAN TURNED POLITICIAN:

FACIO RESPONDS TO CHARGES OF VESCO-RELATED
CORRUPTION

REF: 75 SAN JOSE 5116, 75 SAN JOSE A-128

1. BEGIN SUMMARY: FOREIGN MINISTER GONZALO FACIO HAS
RESPONDED FORCEFULLY AND APPARENTLY SUCCESSFULLY TO THE
RENEWED CHARGES OF EX-PRESIDENT MARIO ECHANDI THAT HE
APPOINTED VESCO EMPLOYEES TO COSTA RICAN CONSULAR POSITIONS
IN THE BAHAMAS. DEPICTING THE CHARGES AS THE HANDIWORK OF
COSTA RICA'S CRAFTIEST OPPOSITION POLITICIAN, FACIO HAS
PROBABLY SUCCEEDED IN RELEGATING THEM TO THE LEVEL OF
PARTISAN POLITICS. FACIO ALSO LASHED BACK AT ECHANDI
WITH CHARGES THAT THE EX-PRESIDENT HAS BEEN IN BED WITH
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FOREIGN OIL COMPANIES ALL HIS POLITICAL LIFE, THUS

SHOWING THAT THE FOREIGN MINISTER, WHO HAS PRESIDENTIAL ASPIRATIONS FOR 1978, CAN SLING MUD TOO. END SUMMARY.

2. FOREIGN MINISTER GONZALO FACIO HAS OF LATE BEEN A PRIME TARGET FOR CHARGES OF CORRUPTION INVOLVING U.S. FUGITIVE FINANCIER ROBERT L. VESCO. IN EARLY DECEMBER, EX-PRESIDENT (1958-62) AND OPPOSITION LEADER MARIO ECHANDI CHARGED THAT FACIO NAMED VESCO'S EMPLOYEES AS COSTA RICAN CONSULS IN THE BAHAMAS, AND THAT THROUGH THEIR HANDS PASSED DOCUMENTS THAT WERE PRESENTED IN VESCO'S EXTRADITION DEFENSE AND FOR OTHER DEALINGS IN COSTA RICA. ECHANDI ALSO PRESENTED PROOF THAT THE GOB REFUSED TO GRANT EXEQUATOR TO ONE CONSUL BECAUSE OF HER TIES WITH VESCO (75 SAN JOSE 5116). THE FOREIGN MINISTRY'S RESPONSE WAS WEAK (75 SAN JOSE A-128). ON JANUARY 29, 1976, ECHANDI ADDRESSED THE SAME CHARGES ON NATIONWIDE TELEVISION, WITH MORE EVIDENCE AND REFUTATION OF FACIO'S FIRST DEFENSE. FACIO RESPONDED ON TELEVISION FEBRUARY 7 CONVINCINGLY TO MOST OF ECHANDI'S CHARGES, LESS SO TO OTHERS, AND UNLEASHED A PETISAN POLITICAL ATTACK AGAINST ECHANDI.

3. IN HIS LATEST JANUARY 29 BARRAGE AGAINST FACIO ON THE SUBJECT OF COSTA RICAN CONSULS IN THE BAHAMAS, ECHANDI ELABORATED ON THESE CHARGES:

A. THAT BECAUSE THE CONSULS (ALLEGED VESCO EMPLOYEES) NAMED WERE NOT GRANTED EXEQUATORS THEY WERE FUNCTIONING ILLEGALLY--AND THE DOCUMENTS THEY WERE AUTHENTICATING, WHICH WERE BEING PRESENTED BY VESCO LAWYERS IN COSTA RICA, ARE ILLEGAL.

B. THAT A COSTA RICAN CONSUL NAMED IN 1974 (BUT DENIED EXEQUATOR BY THE GOB) WAS AN EMPLOYEE OF BUTLER'S BANK, WHICH HAS BEEN PUBLICLY CONNECTED WITH VESCO.

C. THAT ANOTHER COSTA RICAN CONSUL NAMED BY THE GOCR WAS A VESCO EMPLOYEE.

4. FACIO DISPATCHED ECHANDI'S FIRST CHARGE BY NOTING THE DISCREPANCY BETWEEN CODIFIED INTERNATIONAL LAW, AND COSTA RICAN CONSULAR REGULATIONS ON THE ONE HAND, AND THE COMMON CURRENT PRACTICE OF CONSULS FUNCTIONING WITHOUT EXEQUATORS ON THE OTHER. HE HELD THAT THE COSTA RICAN CONSUL CONFIDENTIAL

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NAMED BY THE ODUBER GOVERNMENT WHO PREVIOUSLY WORKED FOR BUTLER'S BANK HAD DONE SO ONLY UNTIL 1971--BEFORE THAT BANK'S VESCO CONNECTION. FACIO FAILED TO ADDRESS SQUARELY THE CHARGE (2.C.) THAT NO OTHER VESCO-EMPLOYEE HAD BEEN NAMED CONSUL BY THE ODUBER GOVERNMENT. (THIS FAILURE IS FACIO'S WEAKEST POINT IN THE ECHANDI CHARGES; IT SEEMS TO HAVE BEEN LOST IN THE SHUFFLE, HOWEVER). FACIO ALSO NOTED THAT THE WOULD-BE COSTA RICAN CONSUL

WHO HAD BEEN DENIED EXEQUATOR BY THE GOB BECAUSE OF BEING A VESCO EMPLOYEE (THE EX-BUTLER'S EMPLOYEE) IS NOW BRINGING SUIT AGAINST THE GOB FOR DEFAMATION OF CHARACTER. AND HE POINTED OUT THAT A CABLE FROM THE COSTA RICAN FOREIGN MINISTRY INSTRUCTING THE CONSUL IN NASSAU TO AUTHENTICATE DOCUMENTS FOR VESCO EMPLOYEES MESSRS. GILBERT STRAUB AND DONALD NIXON (PRESENTED AS EVIDENCE BY ECHANDI) WAS SENT IN MID-1972, MONTHS BEFORE ANY U.S. SUIT OR EXTRADITION ATTEMPT WAS BROUGHT AGAINST VESCO AND AT A TIME WHEN PRESIDENT FIGUERES WAS EXTOLLING FOREIGN INVESTMENT OF THE TYPE THAT VESCO BROUGHT TO COSTA RICA.

5. AFTER DEFENDING HIMSELF, FACIO PROCEEDED TO EXCORIATE ECHANDI ON A VARIETY OF CHARGES. DESCENDING FROM HIS IMAGE OF STATESMAAKTO THAT OF LOCAL POLITICIAN, AND LOOKING LIKE A PRESIDENTIAL CANDIDATE FOR 1978 (WHICH HE IS), FACIO CHARGED:

- A. THAT ECHANDI HAS BEEN TARDY IN PAYING HIS LOCAL TAXES.
- B. THAT ECHANDI'S CHARGES ABOUT A SCANDAL IN RECOPE, THE GOVERNMENT'S PETROLEUM COMPANY, STEM FROM ECHANDI'S PAST CONNECTION WITH LAVCE FOREIGN OIL

COMPANIES, WHOSE ROLE IN COSTA RICA ECHANDI HAS ALWAYS FAVORED INSTEAD OF A NATIONALIZED GOVERNMENT OPERATION. (IN ECHANDI'S JANUARY 29 CHARGES HE PRESENTED FURTHER EVIDENCE THAT RECOPE OVERVALUED COSTA RICAN PETROLEUM DISTRIBUTION COMPANIES THAT WERE TAKEN OVER IN OCTOBER 1976 AND THAT VESCO BENEFITTED FROM THIS AS WELL.

- C. THAT ECHANDI AS BOTH PRESIDENT AND FOREIGN MINISTER HAD ALSO ALLOWED COSTA RICAN CONSULS TO FUNCTION WITHOUT THEIR HAVING RECEIVED EXEQUATORS FROM THE GOVERNMENTS TO WHICH THEY WERE ACCREDITED.

- D. THAT ECHANDI HAD RECENTLY INSULTED THE CONFIDENTIAL

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SPANISH AMBASSADOR PUBLICLY, MADE A FOOL OF HIMSELF, AND HAD NOT EVEN HAD THE DECENCY TO APOLOGIZE.

- E. THAT ECHANDI'S ATTACKS ARE PART OF HIS EFFORT TO BECOME OPPOSITION CANDIDATE IN THE 1978 ELECTION.

6. COMMENT: IN THE COSTA RICAN CONTEXT FACIO SEEMS SUCCESSFULLY TO HAVE DEFLECTED ECHANDI'S RATHER SPECTACULAR CHARGES BOTH THROUGH THE SUBSTANCE OF HIS ANSWERS, DELIVERED IN THE STYLE OF A SMART LAWYER IMPUGNING THE TESTIMONY OF A WITNESS, AND BY UNLEASHING A POLITICAL BARRAGE OF HIS OWN. BY TREATING THE WHOLE JCFFAIR AS JUST ANOTHER EXAMPLE OF MUD-SLINGING FROM THE OPPOSITION--AND AFTER SOME PLAUSIBLE EXPLANATION ABOUT THE BAHAMAS CHARGES--FACIO HAS PROBABLY SUCCEEDED IN RELEGATING ECHANDI'S FACIO/VESCO/CORRUPTION CHARGES

TO STRICTLY PARTISAN POLITICS--ALTHOUGH HE DID NOT COMPLETELY DISPEL DOUBTS. (THE CURRENT FRONT-RUNNING PRE-CANDIDATE IN FACIO'S PARTY, PLN SECRETARY-GENERAL LUIS ALBERTO MONGE, KEEPS HAMMERING AWAY PUBLICLY AT THE THEME THAT CORRUPTION CHARGES CANNOT BE HURLED HIS WAY, THUS SUGGESTING THAT HIS PLN COMPETITION IS NOT SO CLEAN). AT ANY RATE, IN TAKING UP THE ATTACK, FACIO SHOWED A SIDE OF HIS POLITICAL PERSONALITY NOT USUALLY SEEN IN COSTA RICA--OR IN INTERNATIONAL FORA. HE HAS PROVEN THAT HE CAN SLING MUD JUST LIKE ANY OTHER COSTA RICAN POLITICIAN.

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